

VZCZCXRO0761
PP RUEHFK RUEHGH RUEHKS RUEHNH
DE RUEHKO #0335/01 0440011
ZNY CCCCC ZZH
P 130011Z FEB 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 0749
INFO RUEHBJ/AMEMBASSY BEIJING 7708
RUEHUL/AMEMBASSY SEOUL 3729
RUEHFR/AMEMBASSY PARIS 6423
RUEHKS/AMCONSUL SAPPORO 2954
RUEHOK/AMCONSUL OSAKA KOBE 6189
RUEHNH/AMCONSUL NAHA 4745
RUEHFK/AMCONSUL FUKUOKA 2402
RUEHGH/AMCONSUL SHANGHAI 0536
RUEHHK/AMCONSUL HONG KONG 6700
RHEHAAA/NSC WASHDC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/TREASURY DEPT WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000335

SIPDIS

USTR FOR BEEMAN AND HOLLOWAY
NSC FOR LOI

E.O. 12958: DECL: 02/09/2019
TAGS: [EFIN](#) [ECON](#) [PREL](#) [JA](#)
SUBJECT: JAPAN POST INSURANCE UPDATE

REF: A. STATE 3451
[1](#)B. TOKYO 176
[1](#)C. TOKYO 295

Classified By: CDA Jim Zumwalt for reasons 1.4 b/d.

[1](#)1. (U) Please note action request contained in paragraph 9.

Summary

[1](#)2. (C) Japanese officials hope to avoid discussion of Japan Post Insurance and level playing field concerns during Secretary Clinton's first visit to Japan, MOFA officials told Emboffs during a February 10 meeting, and suggested using other venues available to discuss U.S. concerns. Officials from MOFA and other relevant agencies stressed Japan Post Insurance has not submitted an application for a new product that would compete with U.S. insurers' products. Nor, they said, would an application mean automatic approval. The officials sought further clarification of USG concerns. End summary.

[1](#)3. (U) Ministry of Foreign Affairs (MOFA) Second North America Division Director Noriyuki Shikata called in Econoffs February 10 to discuss Japan Post Insurance and ref demarches. Ministry of Internal Affairs and Communications (MIC) Postal Savings and Postal Life Insurance Policy Division Manager Takeshi Kuroda, Office for the Promotion of Privatization of Postal Services (OPJP) Manager Takahiro Yamada, and MOFA Economic Affairs Service Trade Division Official Kazuki Shimizu attended the meeting, as did MOFA Second North America Division officials Hiroaki Ichiba, Kenzo Nemoto, and Takashi Ishitobi.

[1](#)3. (C) Shikata stated Japanese officials hope to avoid a discussion of Japan Post Insurance and level playing field concerns during the Secretary's visit. Instead, Shikata suggested USG concerns about Japan Post entities enjoying an unfair advantage over U.S. or other competitors should be handled through working or senior official-level channels. He noted insurance is discussed under both the Regulatory Reform Initiative and yearly bilateral Insurance Consultations and suggested the issue would be more appropriately handled within those frameworks.

[1](#)5. (C) Emboffs pointed out Japan Post Insurance appears to be moving ahead with its application for a new insurance

product. This action has ratcheted up concerns among industry and the USG. Emboffs noted the issue has been discussed over the past few weeks with members of Congress and officials at State, USTR, and the NSC, and noted again our demarche (refs A and B) and other interactions in Washington and Tokyo.

A Question of Process

¶6. (C) Shikata repeated the GOJ's points, that: 1) Japan Post Insurance has not submitted an application for a new product; and 2) that there is an application review and approval process in place. Regarding the second point, FSA Postal Savings and Insurance Supervisory Deputy Director Akinari Nakano emphasized the submission of an application would not mean the application would be approved and, that if it were approved, it would still take considerable time before any new product reached the market.

¶7. (C) Shikata then raised questions focused on two key issues. First, he asked the USG to spell out specific concerns about a lack of equal competitive conditions. Second, he asked if the USG intends to convey the message the FSA should refuse to accept an application from Japan Post Insurance. (Note: in a separate meeting, FSA officials had told Emboffs an insurance industry representative had previously argued it would be inappropriate for the FSA to accept a new product application from Japan Post Insurance. End note.)

¶8. (C) Emboffs noted the long-standing U.S. position the

TOKYO 00000335 002 OF 002

Japan Post entities should not be allowed to issue any new or altered product prior to the establishment of equal competitive conditions. Emboffs said they had also heard government officials had briefed the LDP postal privatization project team that the GOJ expected to receive an application for a new insurance product. (Note: Industry provided information to us from the project team about this development. End note.) Emboffs also noted MIC Minister Hatoyama's recent statements to the press regarding a Japan Post tender offer and his reported February 9 statement to a Diet committee in which he indicated he would view favorably certain product applications by Japan Post Bank. Such statements, Emboffs said, created an atmosphere where observers might question whether new product applications could be handled transparently and apolitically. Prime Minister Aso's recent statements covered by the media, both for and against the overall postal privatization process, raise further questions over the direction the GOJ is taking postal privatization.

Department Guidance Requested

¶9. (C) Action Request: To advance U.S. advocacy on this issue, Embassy requests further guidance on the issues listed in paragraph 7. We would appreciate guidance as well in responding to the point made by some GOJ officials that Japan Post Insurance and Japan Post Bank will need to issue new products prior to their planned 2010 or 2011 initial public offerings (IPO) to show they can succeed as private sector entities and to increase their IPO value. Is it, they ask, the USG position that no level playing field can exist prior to the IPO? Embassy appreciates Washington agencies' support and guidance.

ZUMWALT